

**WHA Utilities & Power (WHAUP TB) - BUY, Price Bt4.00, TP Bt5.00** | Results Comment

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**3Q22 weaker-than-expected**

- WHAUP's 3Q22 net earnings came in at Bt26m. Excluding net FX loss hidden in its associates' income, its norm earnings would be Bt90m, falling 67% y-y and 66% q-q.
- This is weaker-than-expected on equity income which reported a drop of 77% y-y and q-q to Bt52m. Key reasons for drop are: 1) falling power plant profit on unplanned shutdown of its 35%-stake IPP Ghecco-One and a lower profitability from its SPP plants given surging gas price but the national electricity price adjustment was heavily delayed by the government, 2) larger loss of Bt63m from Vietnam water business due to recognition of allowance for accounts receivable
- Water sales, contributed majority of revenue, grew 14% y-y but dropped slightly 2% q-q.
- 9M22 accounted for 29% of our full-year forecast. We see downside risk to our number.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	517	518	564	607	622	Revenue	2	20	71	2,524	2,946
<b>Gross profit</b>	<b>180</b>	<b>140</b>	<b>188</b>	<b>207</b>	<b>216</b>	<b>Gross profit</b>	<b>4</b>	<b>20</b>	<b>69</b>	<b>890</b>	<b>1,046</b>
SG&A	50	72	69	54	55	SG&A	2	10	78	227	265
Operating profit	130	67	118	153	161	Operating profit	5	23	65	663	781
<b>EBITDA</b>	<b>213</b>	<b>151</b>	<b>204</b>	<b>242</b>	<b>256</b>	<b>EBITDA</b>	<b>6</b>	<b>20</b>	<b>69</b>	<b>1,013</b>	<b>1,166</b>
Other income	17	10	27	9	36	Other income	303	106	142	50	59
Other expense	0	3	0	0	27	Other expense					
Interest expense	97	95	96	104	116	Interest expense	12	20	67	472	478
<b>Profit before tax</b>	<b>51</b>	<b>(20)</b>	<b>49</b>	<b>58</b>	<b>53</b>	<b>Profit before tax</b>	<b>(9)</b>	<b>4</b>	<b>66</b>	<b>242</b>	<b>361</b>
Income tax	3	5	5	15	15	Income tax	(1)	481	142	24	36
Equity & invest. income	227	158	8	221	52	Equity & invest. income	(77)	(77)	24	1,181	1,203
Minority interests	0	(0)	(0)	(0)	0	Minority interests			70	(0)	(0)
Extraordinary items	(70)	20	27	(59)	(64)	Extraordinary items	na	na			
<b>Net profit</b>	<b>206</b>	<b>152</b>	<b>78</b>	<b>205</b>	<b>26</b>	<b>Net profit</b>	<b>(87)</b>	<b>(87)</b>	<b>22</b>	<b>1,398</b>	<b>1,528</b>
<b>Normalized profit</b>	<b>275</b>	<b>132</b>	<b>52</b>	<b>264</b>	<b>90</b>	<b>Normalized profit</b>	<b>(66)</b>	<b>(67)</b>	<b>29</b>	<b>1,398</b>	<b>1,528</b>
EPS (Bt)	0.05	0.04	0.02	0.05	0.01	EPS (Bt)	(87)	(87)	22	0.37	0.40
Normalized EPS (Bt)	0.07	0.03	0.01	0.07	0.02	Normalized EPS (Bt)	(66)	(67)	29	0.37	0.40

  

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	892	905	756	3,039	730	Sales grow th	24.1	15.5	(6.4)	11.7	20.4
A/C receivable	324	295	379	373	353	Operating profit grow th	63.2	20.1	(6.5)	20.1	23.4
Inventory	0	0	0	0	0	EBITDA grow th	27.9	15.9	0.5	16.5	20.5
Other current assets	197	164	160	186	211	Norm profit grow th	40.4	(21.7)	(76.7)	(0.6)	(67.3)
Investment	13,724	13,688	14,041	14,244	14,273	Norm EPS grow th	40.4	(21.7)	(76.7)	(0.6)	(67.3)
Fixed assets	5,272	5,455	5,659	6,019	6,299	Gross margin	34.9	27.0	33.3	34.0	34.7
Other assets	5,343	5,332	5,320	5,259	5,271	Operating margin	25.2	13.0	21.0	25.2	25.8
<b>Total assets</b>	<b>25,753</b>	<b>25,839</b>	<b>26,316</b>	<b>29,120</b>	<b>27,138</b>	EBITDA margin	41.2	29.2	36.1	39.8	41.2
S-T debt	1,999	4,499	4,498	5,788	5,288	Norm net margin	53.3	25.5	9.2	43.4	14.5
A/C payable	273	459	372	507	397	D/E (x)	0.9	1.0	0.9	1.2	1.0
Other current liabilities	1,045	92	98	96	96	Net D/E (x)	0.8	0.9	0.9	0.9	0.9
L-T debt	9,101	7,602	7,603	9,110	7,612	Interest coverage (x)	2.2	1.6	2.1	2.3	2.2
Other liabilities	785	803	921	924	927	Interest rate	3.3	3.3	3.2	3.1	3.3
Minority interest	0	0	0	0	0	Effective tax rate	5.0	(26.0)	9.8	25.5	27.7
<b>Shareholders' equity</b>	<b>12,550</b>	<b>12,384</b>	<b>12,824</b>	<b>12,694</b>	<b>12,818</b>	ROA	4.3	2.0	0.8	3.8	1.3
Working capital	50	(163)	7	(134)	(44)	ROE	8.9	4.2	1.6	8.3	2.8
Total debt	11,100	12,101	12,101	14,899	12,900						
<b>Net debt</b>	<b>10,208</b>	<b>11,196</b>	<b>11,345</b>	<b>11,860</b>	<b>12,170</b>						

Sources: Company data, Thanachart estimates

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